



CDBG Disaster Recovery Framework



U.S. Department of Housing and Urban Development



Community Development Block Grants and Disaster Recovery



Community Development Block Grant (CDBG) Program

- HUD's CDBG Program is authorized under Title I of the Housing and Community Development Act (HCDA) of 1974, as amended
- CDBG grew out of the consolidation of eight programs under which communities competed nationally for funds
- Primary objective of CDBG is the development of viable urban communities through the provision of decent housing; a suitable living environment; and expanded economic opportunities



CDBG National Objectives

- The authorizing statute of the CDBG Program requires that each activity funded, except for program administration and planning activities, must meet one of three national objectives:
 - Benefit to low- and moderate- income (LMI) persons;
 - Aid in the prevention or elimination of slums or blight;
 - Meet a need having a particular urgency



CDBG Eligible Activities

- CDBG regulations permit grantees to undertake a wide range of program activities, which fall under the following general categories:
 - Housing
 - Other Real Properties
 - Public Facilities
 - Public Services
 - Economic Development
 - Community Based Development Organizations
 - Other
 - Planning and Administration



CDBG-DR History

- Congress first appropriated funds to CDBG for long-term disaster recovery in 1992
- From the mid-1990s to 2004 OBGA's disaster recovery function was supported with existing staff resources
- In 2004 the Disaster Recovery and Special Issues Division (DRSI) was officially established to administer CDBG-DR funds.
- After several years of fluctuating levels, DRSI currently has 17 FTE



Why HUD?

Through the flexibility of the CDBG program, HUD is able to assist communities that otherwise might not recover due to limited capacity and resources. CDBG-DR funds supplement the federal government's standard recovery assistance programs administered by the Federal Emergency Management Agency (FEMA), the Small Business Administration (SBA), and the U.S. Army Corps of Engineers (USACE).



Keep in mind...

- No annual appropriation for CDBG disaster recovery
- Statutory authority is via individual supplemental appropriations
- Result – no regulations specific to disaster recovery

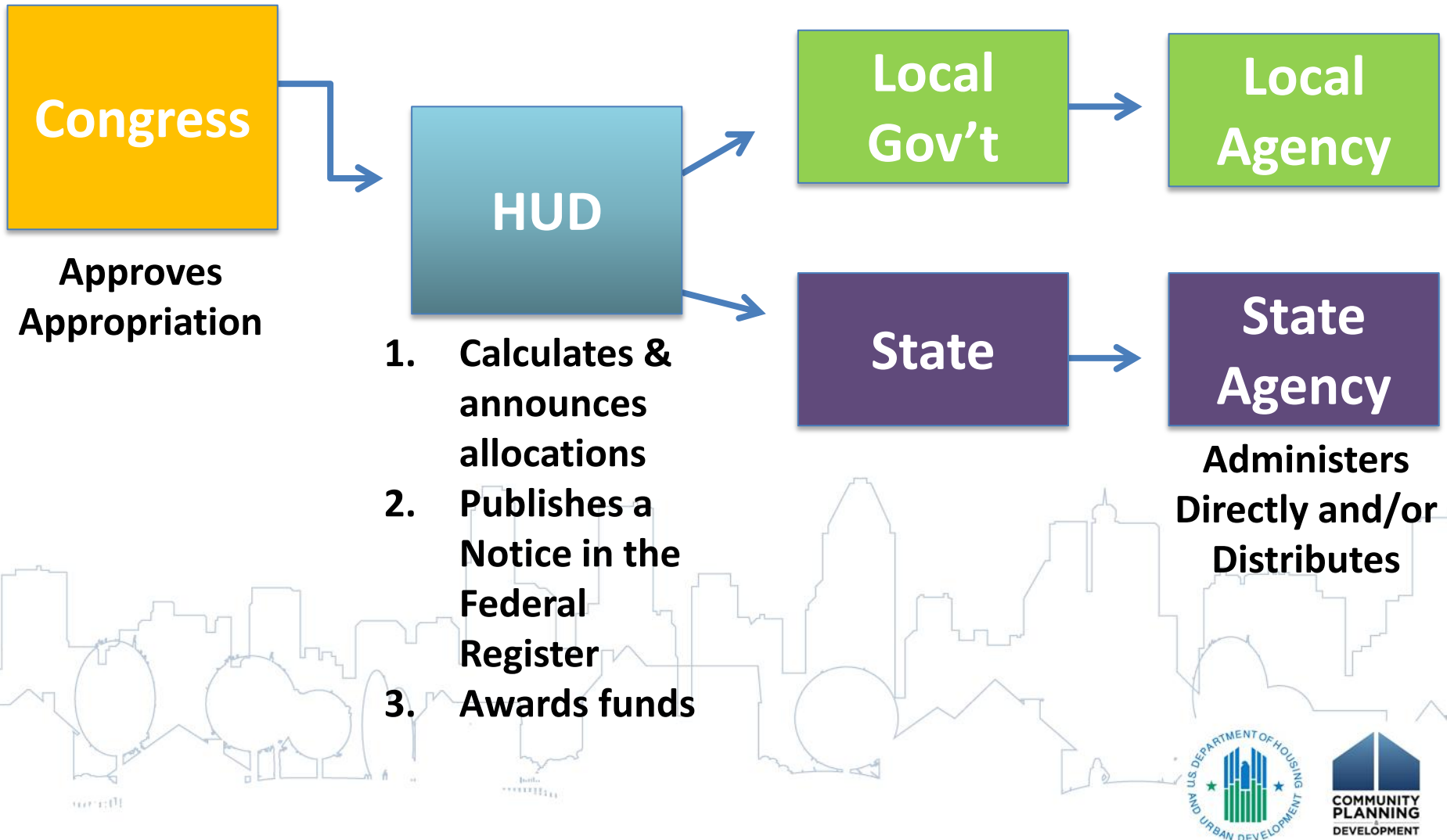




The Funding Process



After a disaster is Presidentially-Declared...



Funding Process: First Steps...

- President declares a disaster.
- Congress appropriates disaster recovery funds.



- HUD uses information from FEMA to assign allocations to affected areas.
- HUD Headquarters prepares a Notice of Allocation for the Federal Register, including waivers and alternative requirements requested by the States.



Funding Process: Next Steps...

- HUD drafts and completes a Finding of No Significant Impact (FONSI). HUD's Office of General Counsel files it with Docket Clerk.
- HUD completes a 3-5 day clearance on Notice and sends it to Congress to the House and Senate Appropriations Committees for a five-day review.
- HUD Secretary signs Notice and it is sent to the Federal Register.
- Federal Register publishes Notice three days after receiving it.
- Grantee publishes proposed action plan for disaster recovery via the usual methods and on the Internet for a seven-day public comment period.
- Grantee submits final action plan – including any comments made – to their designated HUD office.



Funding Process: Last Steps

- Upon plan's acceptance, HUD prepares cover letter, grant agreement, and grant conditions.
- Grant agreement is signed between HUD and grantee, obligating funds to the grantee.
- HUD establishes accounts in the Disaster Recovery Grant Reporting (DRGR) system and authorizes users from the grantee to access funds.*
- State enters action plan into DRGR, which is accepted by HUD.
- Upon completing environmental reviews, grantee can draw funds in DRGR for eligible activities.
- Grantee must submit a Quarterly Progress Report (QPR) in DRGR beginning 30 days after the first full quarter that the grant has been executed.

*Note that all disaster recovery funds must be recorded in DRGR.



Funding and Management Overview

CDBG-DR Grantees

- Total of 45 CDBG-DR grantees

- 31 states
- 14 local governments

- Total of \$30.1 Billion

HUD Management of CDBG-DR

- HUD HQ manages larger grantees (LA, MS, TX, NY, IA, FL).
- All other grantees managed by respective HUD CPD Field Office.
- HUD HQ provides support when necessary.



Roles & Responsibilities



HUD Role & Responsibility

- Review action plans and obligate funds
- Provide grantees with guidance and technical assistance
- Monitoring and oversight to ensure performance and compliance



Grantee Role & Responsibility

- Establish internal controls to ensure performance and compliance; monitor subrecipients for same.
- Provide technical assistance to subgrantees and subrecipients
- Review project applications to ensure that all activities are eligible
- Ensure that activities are compliant with all other requirements such as Section 3 and affirmatively furthering fair housing
- Track progress to ensure timely recovery



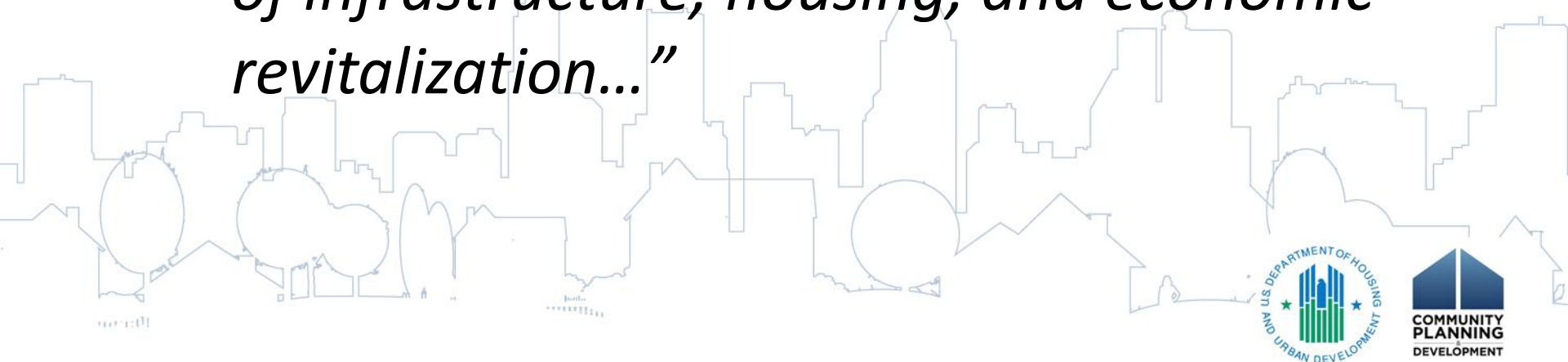
Disaster- Related Activities



The Appropriation Laws

Funds must be used for:

“...necessary expenses related to disaster relief, long-term recovery, and restoration of infrastructure, housing, and economic revitalization...”



What does this mean?

In the context of CDBG disaster recovery, this means that each activity must:

1. Be disaster-related in that it clearly demonstrates a connection to addressing a direct or indirect impact of the disaster in a Presidentially-declared county
2. Be CDBG eligible (according to regs and waivers)
3. Meet a national objective



“Recovery” Activities

Disaster-related activities are those that are able to demonstrate a logical connection between the impacts of the covered disaster and the activity’s contribution to community recovery.

Examples:

- rebuilding homes and infrastructure damaged by the disaster
- providing assistance to affected business owners



Documenting a Tie to the Disaster

The grantee must document how an activity is addressing a disaster-related impact and how it serves to restore housing, infrastructure, or the economy. Examples of documentation include:

- Damage or building estimates for physical losses.
- Post-disaster analyses or assessments for economic or non-physical losses.



Waivers and Alternative Requirements



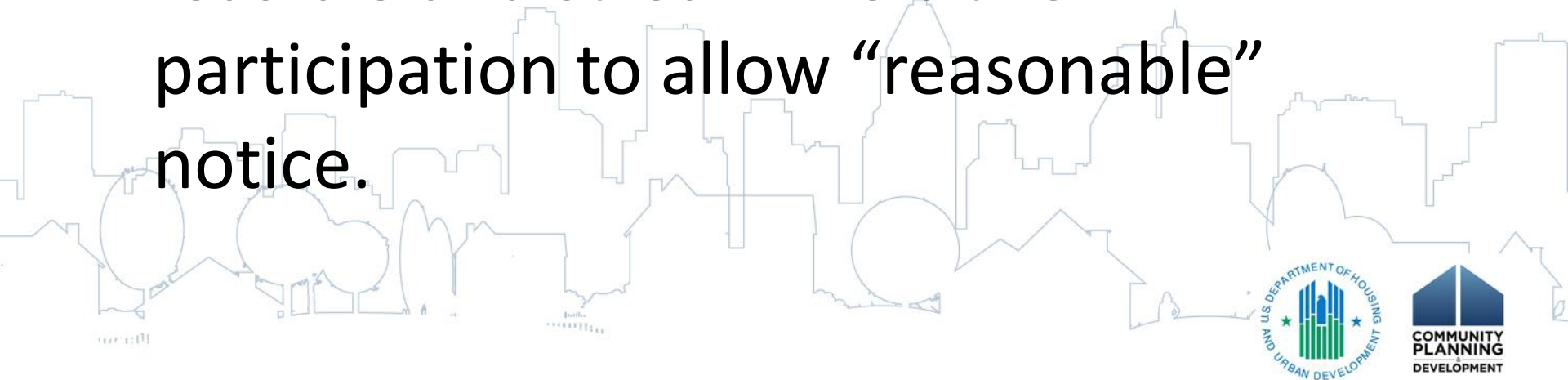
Waiver Basics

- The appropriations laws give the Secretary authority to grant waivers or specify alternative requirements
- Allow greater flexibility for grantees to respond to their communities' specific disaster needs.
- Grantees must request waivers before publication of Federal Register Notice
- HUD cannot waive the requirement of the appropriation law that funds be used for necessary expenses related to the disaster.



Waivers and Alternative Requirements

- Waive Annual Action Plan and use of IDIS; replace with Action Plan for Disaster Recovery using DRGR.
- Waive public hearings if they are not feasible and streamline citizen participation to allow “reasonable” notice.



Waivers and Alternative Requirements

- Waive requirement that a State distribute all of its funds to local governments; allowing it to carry out disaster recovery activities directly.
- Waive Consolidated Plan and consistency with it until grantee updates the plan priorities.
- Waive consultation with non-entitlement local governments; replace with consultation with all disaster-affected governments.



Waivers and Alternative Requirements

- Waive overall benefit from 70% to 50% LMI.
- Allow up to 5% of grant to be used for admin costs.
- Replace State CDBG planning related requirements with the entitlement presumption.



Waivers and Alternative Requirements

- Waive prohibition on funding entitlements and Indian tribes
- For State grantees, allow use of subrecipients under Entitlement regulations.
- State should establish and maintain records for activities implemented directly.
- When carrying out an activity directly, State must abide by change of use of real property requirement.
- When carrying out an activity directly, State is responsible for review and handling of noncompliance.



Waivers and Alternative Requirements

- Waive the Consolidated Annual Performance Report (CAPER) in IDIS and replace with Quarterly Performance Reports (QPRs) in DRGR
- Allow homeownership assistance up to 120% AMI
- Allow 100% down-payment assistance
- Allow new construction of housing



Waivers and Alternative Requirements

- Allow housing incentives to encourage housing resettlement consistent with local recovery plans.
- Establish three month limitation on emergency grant payments to extend interim mortgage assistance to qualified individuals for up to 20 months.
- Limited waiver of the prohibition on funding buildings for the general conduct of government.



Waivers and Alternative Requirements

- Allow a limited waiver of anti-pirating so that a business can return to any labor market within the same State that the business was located in before.
- Waive provisions of the Uniform Relocation Act:
 - Waive the 1-for-1 replacement of housing requirement
 - Assurance of uniform and equitable treatment
 - acquisition and implementing regulations of an arm's length voluntary purchase
 - financial assistance to a displaced tenant
 - TBRA housing program subsidy
 - moving expense and “dislocation” allowance



Waivers and Alternative Requirements

- Allow grantee to determine disposition of program income (whether to State or local use and whether for regular CDBG or retaining disaster recovery waivers).
- Waive provisions necessary to allow the grantee to determine the national objective for certain economic development activities.
- Waive public benefit standards for economic development activities.



Waivers and Alternative Requirements

- Waive pre-agreement costs to the extent it applies; State may reimburse eligible costs incurred back to the incident date.
- Allow the State to implement voluntary flood buyouts.
- Waive 24 CFR 570.494 requiring timely distribution of funds.
- Replace standard certifications with disaster recovery set.



Resources

- CDBG Disaster Recovery website:
<http://www.hud.gov/offices/cpd/communitydevelopment/programs/drsi/index.cfm>
- Relevant supplemental appropriations laws
- Relevant Federal Register Notices
- Your peer CDBG-DR grantees
- Your HUD CPD representative

